

Message Text

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PAGE 01 MANAGU 02915 201606Z
ACTION ARA-14

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R 172214Z JUN 77
FM AMEMBASSY MANAGUA
TO SECSTATE WASHDC 3535
INFO AMEMBASSY GUATEMALA
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

S E C R E T MANAGUA 2915

GUATEMALA ALSO FOR ROCAP

E.O. 11652: GDS
TAGS: ASIG, ECIN, XK
SUBJECT : IGA REPORT ON ROCAP

REF: STATE 116635

1. EMBASSY REGRETS DELAY IN SUBMITTING COMMENTS ON SUBJECT REPORT. WE FELT, HOWEVER, THAT REPORT AND ITS RECOMMENDATIONS MERIT CAREFUL STUDY AND THOUGHT. ALTHOUGH REPORT RAISED ANUMBER OF INTERESTING POINTS, WE ARE RESTRICTING OURSELVES HERE TO A FEW KEY COMMENTS:

A. REPORT IS WELL DRAFTED AND CONTAINS ANUMBER OF RECOMMENDATIONS WHICH WE ARE INCLINED TO SUPPORT.

B. ON THE OTHER HAND, THE REPORT DOES NOT APPEAR TO REFLECT CONCLUSIONS OF SOME OTHER RECENT STUDIES OF ROCAP, INCLUDING ROCAP'S OWN RECOMMENDATIONS TO START PHASING ITSELF OUT LATER THIS YEAR IF CACM COUNTRIES FAIL TO TAKE CERTAIN STEPS TO REJUVENATE THE COMMON MARKET.

C. THE REPORT RECOMMENDED (ON PAGE 16) THAT ROCAP SUBMIT TO AID/2
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?6.-6 31, 1977, A CONTINGENCY PLAN FOR REDUCING ROCAP'S SIZE TO THREE OR FOUR MEN, AND TO COMPLETE IMPLEMENTATION OF SUCH A PLAN BY SEPTEMBER 30, 1977 (PROVIDED THAT CACM MEMBER GOVERNMENTS DO NOT GIVE ROCAP WRITTEN COMMITMENTS BY JUNE 30, 1977 TO CARRY OUT A NUMBER OF SPECIFIED, RECOMMENDED ACTIONS. WE FIND THAT THAT RECOMMENDATION IS TOO INSENSITIVE TO THE REGIONAL POLITICAL MILIEU. MOREOVER, THAT RECOMMENDATION SEEMS TO PREJUDICE THE RESULTS OF

THE REPORT'S NEXT RECOMMENDATION (PAGE 21) THAT ARA-LA/CEN EXPEDITIONALLY PRODUCE A REGIONAL CASP WHICH WOULD, INTER ALIA, CONSIDER "HOW IMPORTANT OR DESIRABLE A FURTHER ECONOMIC INTEGRATION IN CENTRAL AMERICA IS TO U.S. INTERESTS."

D. WE HEARTILY SUPPORT THE PRODUCTION OF A REGIONAL CASP OR PARM AS OUTLINED ON PAGE 21 OF THE REPORT.

E. WE ALSO SUPPORT THE NEED (CITED ON PAGE 21) TO FOCUS ON A GIVEN COUNTRY'S PERFORMANCE ON HUMAN RIGHTS, AS WELL AS ON OTHER FACTORS, IN DETERMINING THE AMOUNT AND TERMS OF AID PROFFERED.

F. FURTHERMORE, WE CONCUR IN THE REPORT'S RECOMMENDATION (PAGE 22) THAT ROCAP ENSURE THAT ANY INCREASED CONTRIBUTIONS TO REGIONAL INSTITUTIONS BE GENUINELY "ADDITIVE" IN NATURE, AND THAT ARREARAGES BE ELIMINATED. WE SEE NO COMPELLING REASON FOR ROCAP TO MORE SUPPORTIVE, FINANCIALLY, OF REGIONAL INSTITUTIONS THAN ARE THE GOVERNMENTS DIRECTLY CONCERNED.

G. THE REPORT'S OBSERVATIONS (PAGE 24) THAT THE MANPOWER SIZE OF ALL CENTRAL AMERICAN BILATERAL USIADS AND ROCAP, TAKEN AS A WHOLE, HAD INCREASED RATHER THAN DECREASED - CONTRARY TO 1972 TASK FORCE RECOMMENDATIONS - IS ESPECIALLY NOTEWORTHY. EMBASSY FEELS THAT A LEANER ROCAP OPERATION IS PROBABLY IN ORDER, BUT NOT ON THE DRASTIC, PRECIPITATE SCALE RECOMMENDED ON PAGE 16. (N.B. FOR ITS PART, THIS EMBASSY, WITH THE CONCURRENCE OF THE USAID, HAS
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RECOMMENDED A SCALING DOWN OF BILATERAL ECONOMIC ASSISTANCE LEVELS TO NICARAGUA OVER THE NEXT FEW YEARS SO THAT SUCH LEVELS WILL BECOME MORE IN LINE WITH LIMITED OVER-ALL U.S. INTERESTS IN THIS COUNTRY. SUCH A SCALING DOWN WILL, OF COURSE, LEAD OVER TIME TO A REDUCTION IN THE NUMBER OF DIRECT-HIRE, CURRENTLY 38, U.S. EMPLOYEES IN USAID HERE.)

H. WE TAKE EXCEPTION TO THE COMMENT, ON PAGE 15, THAT "THE ACTIVE CONSTITUENCY FOR INTEGRATION WAS LIMITED TO THOSE WHO HAD A DIRECT VESTED INTEREST IN ITS SUCCESS, BY VIRTUE OF EMPLOYMENT IN A REGIONAL INSTITUTION, OR THOSE WHO ENDORSED IT ON THEORETICAL GROUNDS." RELIABLE SOURCES IN THE NICARAGUAN INDUSTRIAL SECTOR TELL US THAT THIS COUNTRY WOULD PROBABLY NOT HAVE DEVELOPED ANY INDUSTRY TO SPEAK OF WERE IT NOT FOR THE COMMON MARKET. WE SUSPECT THAT THIS MAY HOLD TRUE IN OTHER COUNTRIES OF THE REGION AS WELL. GRANTED THAT SUPPORT FOR THE CACM CONCEPT IS NOT AS WIDESPREAD AND AS STRONG AS IT COULD OR SHOULD BE, AND THAT THERE ARE VESTED INTERESTS, ESPECIALLY AMONG IMPORTERS WHO ACTIVELY OPPOSE THE CACM, WE NONETHELESS FEEL THAT MOST THOUGHTFUL NICARAGUANS VIEW THE CACM AND THE INTEGRATION CONCEPT AS SOMETHING DESIRABLE FOR THEIR COUNTRY'S DEVELOPMENT AND FUTURE--PROVIDED THAT NICARAGUA GET A FAIR SHARE

OF THE BENEFITS FROM CACM MEMBERSHIP.

2. SUMMING UP, EMBASSY BELIEVES THAT A PARM-TYPE REVIEW OF U.S. INTERESTS IN THE COMMON MARKET'S SUCCESS IS MERITED AND SHOULD PRECEDE ANY DECISION TO REDUCE ROCAP'S SIZE DRASTICALLY. SHOULD IT BE DECIDED TO REDUCE ROCAP TO THREE OR FOUR MEN, SPECIAL CONSIDERATION SHOULD BE GIVEN AS TO HOW TO CONVEY THAT DECISION TO THE CENTRAL AMERICANS. WE WOULD WELCOME THE OPPORTUNITY TO CONTRIBUTE TO SUCH A PARM-TYPE REVIEW.

3. COPY PROMISED FOR USAID MISSION PER LAST SENTENCE REFTEL NOT YET RECEIVED. USAID WILL REVIEW EMBASSY COPY OF REPORT AND TRANSMIT APPROPRIATE COMMENTS.

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